

## GUIDELINES FOR HANDLING SALES TAX EXEMPTION APPLICATIONS

### 1. GENERAL BACKGROUND & GUIDANCE

- a. Application form (attached) must be used for certification applications.
- b. State statutes are 19-2-123 through 19-2-127.
- c. Air Quality rule is R307-120.
- d. Air Pollution Control Facilities<sup>1</sup> (PCFs) having been reviewed and approved by the Executive Secretary **or** air PCFs resulting from the requirements of the State Air Quality rules or the State Implementation Plan (SIP) are eligible (interpretation of the statute and rule by the Division of Air Quality).
- e. Materials, equipment, structures, land and services used for the construction/installation of the air PCFs are eligible for certification if their "primary purpose" is for reduction, elimination or prevention of air pollution. See Guideline 3 below for guidance.
- f. The statute requires that construction/installation of control facilities to have commenced or firm contract for such to have been entered into before certification can be issued. (Application may be filed after firm construction contract has been entered or construction has commenced.)
- g. The materials, services, processes, etc. of normal/continuing operations or maintenance of control facilities are **not** eligible for sales tax exemption.
- h. The State Tax Commission must be consulted with prior to a certification being issued. See the attached consultation procedures.
- i. R307-1-6.1.3 states the certification must be accomplished no later than 120 days after the date of filing. The date of filing is the date of receipt of the final information requested by the Division, i.e., 120 days after the application is complete.
- j. The DAQ certifies the air PCF, not the cost(s) associated with it.
- k. The potential eligibility of sales tax exemption will be included in the Pre-NOI checklist and indicated to the client in the Pre-NOI meeting.

### 2. GENERAL HANDLING PROCEDURES (internal DAQ procedures - deleted from web version)

### 3. GUIDANCE FOR "PRIMARY PURPOSE" TEST USED BY DAQ

- a. There must be an air pollutant contained in the stream entering this air PCF to be reduced or eliminated.
- b. There must be a quantifiable demonstrated (test data, modeling results, calculations, etc.) reduction or prevention of air pollution as a result of the operation of the air PCF. The demonstration documentation should be furnished by the applicant.
- c. The "before construction/installation etc. of the PCF" scenario should be compared to the "after construction/installation etc. of the PCF" scenario, i.e., is there a net reduction of pollution in the before and after scenarios? This determination can be modified if there is a *net decrease* of more critical pollutants (HAPs or nonattainment area pollutants) within an over-all increase in air emissions. This "over-all increase situation" is to be evaluated on a case-by-case basis.
- d. The material, equipment, services, structures, land, etc. directly associated with the proper

---

<sup>1</sup> See definition in State Statute 19-2-102.(11) for Pollution Control Facility

functioning of the air PCF can be considered for certification. (This is different than Guideline 1g above.)

- e. Generally, materials, services, processes, etc. whose *removal* from a facility/operation may increase air emissions from the facility/operation shall qualify for sales tax exemption.

Attachments: 1) Application for Sales and/or Use Tax Exemption Certification (revised December 1994)  
2) Consultation procedures for STC and DEQ (developed December 1994)